

HABITAT FOR HUMANITY - MIDOHIO

Columbus, Ohio

Financial Statements,
Schedule of Expenditures of Federal Awards and
Related Independent Auditor's Reports
In Accordance With *Government
Auditing Standards* and the Uniform Guidance

For the years ended June 30, 2022 and 2021



SCHNEIDER DOWNS

Big Thinking. Personal Focus.

www.schneiderdowns.com

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position, June 30, 2022 and 2021	4
Statements for the years ended June 30, 2022 and 2021	
Activities and Change in Net Assets	6
Functional expenses	8
Cash Flows	10
Notes to Financial Statements	11
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	29
Schedule of Expenditures of Federal Awards for the year ended June 30, 2022	32
Notes to the Schedule of Expenditures of Federal Awards	33
Schedule of Findings and Questioned Costs	34

INDEPENDENT AUDITOR’S REPORT

Board of Directors
Habitat for Humanity - MidOhio
Columbus, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Habitat for Humanity - MidOhio (Habitat), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Habitat as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of Habitat’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Habitat’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat’s internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 31, 2022

HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,343,310	\$ 3,163,862
Receivables:		
Contributions	336,886	254,842
Mortgages, net	1,178,007	1,180,287
Grants	139,050	251,251
Other	-	2,705
	<u>11,997,253</u>	<u>4,852,947</u>
Inventory	613,719	35,490
Prepaid expenses and other	113,469	114,298
Construction in progress, net	<u>1,830,604</u>	<u>1,185,590</u>
Total Current Assets	14,555,045	6,188,325
PROPERTY AND EQUIPMENT, NET	4,470,467	4,732,254
MORTGAGES RECEIVABLE, NET	8,122,937	8,669,301
OTHER, NET	<u>49,153</u>	<u>144,751</u>
Total Assets	<u>\$ 27,197,602</u>	<u>\$ 19,734,631</u>

	<u>2022</u>	<u>2021</u>
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term notes payable	\$ 302,217	\$ 310,748
Current portion of Paycheck Protection Program loan	-	5,850
Accounts payable and accrued liabilities	755,280	889,222
Refundable advances and other	<u>709,948</u>	<u>708,716</u>
 Total Current Liabilities	 1,767,445	 1,914,536
NOTES PAYABLE, NET OF CURRENT PORTION	3,659,185	4,003,733
PAYCHECK PROTECTION PROGRAM LOAN, NET OF CURRENT PORTION	<u>-</u>	<u>608,646</u>
 Total Liabilities	 5,426,630	 6,526,915
NET ASSETS		
NET ASSETS		
Without donor restrictions	21,686,576	13,028,539
With donor restrictions	<u>84,396</u>	<u>179,177</u>
 Total Net Assets	 <u>21,770,972</u>	 <u>13,207,716</u>
 Total Liabilities And Net Assets	 <u>\$ 27,197,602</u>	 <u>\$ 19,734,631</u>

See notes to financial statements.

HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT AND GRANTS			
Sales to homeowners, net	\$ 1,604,792	-	\$ 1,604,792
ReStore operations	2,720,167	-	2,720,167
Contributions and grants	10,619,924	\$ 64,558	10,684,482
In-kind contributions	3,385,911	-	3,385,911
Amortization of loan discount	584,969	-	584,969
Other income	742,329	-	742,329
Net assets released from restrictions	159,339	(159,339)	-
Total Revenues, Support And Grants	19,817,431	(94,781)	19,722,650
FUNCTIONAL EXPENSES			
Program services	9,726,480	-	9,726,480
Management and general	850,501	-	850,501
Fundraising	582,413	-	582,413
Total Functional Expenses	11,159,394	-	11,159,394
Change In Net Assets	8,658,037	(94,781)	8,563,256
NET ASSETS			
Beginning of year	13,028,539	179,177	13,207,716
End of year	<u>\$ 21,686,576</u>	<u>\$ 84,396</u>	<u>\$ 21,770,972</u>

2021		
Without Donor Restriction	With Donor Restriction	Total
\$ 1,061,092	-	\$ 1,061,092
2,365,820	-	2,365,820
3,768,957	\$ 58,720	3,827,677
264,079	-	264,079
510,568	-	510,568
773,954	-	773,954
285,143	(285,143)	-
9,029,613	(226,423)	8,803,190
6,867,941	-	6,867,941
623,515	-	623,515
591,428	-	591,428
8,082,884	-	8,082,884
946,729	(226,423)	720,306
12,081,810	405,600	12,487,410
<u>\$ 13,028,539</u>	<u>\$ 179,177</u>	<u>\$ 13,207,716</u>

See notes to financial statements.

HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 2,243,220	\$ 595,331	\$ 422,915	\$ 3,261,466
ReStore value of donated goods sold	2,547,409	-	-	2,547,409
Other construction	370,816	-	-	370,816
Depreciation	306,475	18,841	13,900	339,216
Professional fees	165,358	131,041	27,056	323,455
Payroll taxes	185,010	35,165	26,049	246,224
Other expenses	150,913	23,812	5,217	179,942
Utilities	161,656	4,680	4,578	170,914
Interest	108,967	13,656	432	123,055
Building rent	115,480	-	-	115,480
Promotional and public relations	71,709	-	41,101	112,810
Vehicle rental and operation expense	101,792	2,101	1,701	105,594
ReStore cost of purchased goods sold	100,458	-	-	100,458
Insurance	74,429	7,313	-	81,742
Habitat International	75,000	-	-	75,000
Supplies	40,684	5,736	12,705	59,125
Communications	40,670	8,190	7,012	55,872
Bank charges	24,392	84	10,000	34,476
Other building and equipment expense	20,078	4,551	4,855	29,484
Bad debt expense	22,527	-	4,892	27,419
	6,927,043	850,501	582,413	8,359,957
Subtotal before cost of homes sold				
Cost of homes sold	2,799,437	-	-	2,799,437
Total	\$ 9,726,480	\$ 850,501	\$ 582,413	\$ 11,159,394

Notes:

1. During the years ended June 30, 2022 and 2021, Habitat sold 11 and 15 homes, respectively.
2. Net income from Habitat's ReStore operations currently covers the majority of Habitat's management, general and fundraising expenses.

2021

Program Services	Management and General	Fundraising	Total
\$ 2,347,387	\$ 419,694	\$ 424,102	\$ 3,191,183
-	-	-	-
61,389	564	-	61,953
296,374	18,433	14,010	328,817
176,756	88,395	20,343	285,494
144,988	32,101	29,991	207,080
114,017	15,135	2,475	131,627
141,170	3,608	3,063	147,841
102,200	21,777	7,023	131,000
114,480	-	-	114,480
103,497	40	46,595	150,132
71,253	1,124	1,081	73,458
126,593	-	-	126,593
105,558	2,907	-	108,465
75,000	2,500	-	77,500
42,334	4,842	11,173	58,349
43,559	8,928	8,038	60,525
25,563	353	4,412	30,328
119,974	3,114	2,664	125,752
3,896	-	16,458	20,354
4,215,988	623,515	591,428	5,430,931
2,651,953	-	-	2,651,953
<u>\$ 6,867,941</u>	<u>\$ 623,515</u>	<u>\$ 591,428</u>	<u>\$ 8,082,884</u>

See notes to the financial statements.

HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,563,256	\$ 720,306
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	(614,496)	(689,106)
Amortization of loan discount	(584,969)	(510,568)
Depreciation	339,216	328,817
Decrease in allowance for uncollectible mortgages	(13,144)	-
Change in construction in progress valuation allowance	326,493	7,171
Change in discount on long-term contributions receivable	(2,031)	(1,920)
Donated inventory	(551,090)	-
Changes in assets and liabilities:		
Contributions receivable	(80,013)	312,751
Mortgages receivable	1,146,757	420,408
Grants receivable	112,201	28,895
Other receivable	2,705	-
Inventory	(27,139)	-
Prepaid expenses and other	829	48,944
Construction-in-progress	(971,507)	(326,901)
Other assets	95,598	355,614
Accounts payable and accrued liabilities	(133,942)	(171,741)
Refundable advances and other	1,232	304,583
Net Cash Provided By Operating Activities	<u>7,609,956</u>	<u>827,253</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(20,344)	(100,475)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	-	(1,000,000)
Proceeds from Paycheck Protection Program	-	614,496
Proceeds from notes payable	-	12,353
Principal payments on notes payable	(410,164)	(383,483)
Net Cash Used In Financing Activities	<u>(410,164)</u>	<u>(756,634)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	7,179,448	(29,856)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,163,862</u>	<u>3,193,718</u>
End of year	<u>\$ 10,343,310</u>	<u>\$ 3,163,862</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 118,000</u>	<u>\$ 129,000</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment through notes payable	<u>\$ 57,085</u>	<u>-</u>

See notes to financial statements.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION

Habitat for Humanity - MidOhio (Habitat), a nonprofit organization, was incorporated in 1986. Habitat is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Habitat International assists with information resources, training, publications, prayer support, and in other ways.

Since inception, Habitat has served one thousand one hundred and forty-four (1,144) families by building three hundred and ninety (390) new homes, rehabilitating forty-eight (48) homes and impacting seven hundred and six (706) families through providing critical repairs and other services, including Rock the Blocks. During the year ended June 30, 2022, Habitat served seventy-six (76) families by building and rehabilitating eleven (11) new homes and providing sixty-five (65) home repair services. In addition, through the Habitat International Tithe program, Habitat has impacted three hundred and forty (340) families in Zambia and Cote'd Ivoire, including nineteen (19) for the year ended June 30, 2022.

Habitat is primarily and directly responsible for the legal, organizational, fundraising, family selection and nurture, financial and construction aspects of the development of affordable housing for the community of Central Ohio. Habitat, through its many volunteers, constructs affordable housing and sells the homes to qualified families at fair market (appraised) value. Habitat then provides and carries non-interest-bearing mortgage loans, providing a hand up to its partner families while also sustaining the mission.

Habitat also operates three retail stores (ReStores) that sell new and previously used items donated by retail businesses, contractors, other organizations and the general public. The proceeds from the ReStores also fund Habitat's mission to combat the affordable housing challenge in central Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets - Resources are classified into two net asset categories according to donor-imposed restrictions. A description of these categories follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are not restricted by donor-imposed restrictions and are available for use in Habitat's ongoing operations.

HABITAT FOR HUMANITY - MIDOHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board has approved designating 25% of all proceeds from mortgages sold to third parties to cover the potential buy back of nonperforming loans. The amount that the board designated at June 30, 2022 and 2021 was approximately \$1,468,000 and \$449,000, respectively, and is included in net assets without restrictions.

Net Assets With Donor Restrictions - Net assets whose use by Habitat is limited by donor-imposed restrictions that expire by passage of time, that can be fulfilled or removed by actions of Habitat, or must be retained in perpetuity. Donor-imposed restrictions that will be met in the same year in which the revenue is received are immediately classified in net assets without donor restrictions in the statement of activities and change in net assets. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Cash and Cash Equivalents - Habitat maintains cash in various financial institutions that may exceed federally insured amounts at times. For purposes of the statement of cash flows, Habitat considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents. Certain grants require that cash proceeds received from the grants be segregated in separate bank accounts from cash received from other sources.

Mortgages Receivable - Sales to homeowners are recorded on the date title transfers. All mortgages are non-interest-bearing and, as a result, receivables are recorded at the gross amount less a discount based on prevailing market interest rates at the inception of the mortgages. Amortization income is recognized as the discounted amount decreases along with the passage of time.

Habitat monitors its credit risk by establishing credit policies for its loans and reviewing compliance with these policies. Mortgages receivable are considered past due when a homeowner fails to make scheduled payments. Provisions are made for estimated uncollectible mortgages receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of current status of receivables and judgment. Decisions to foreclose on a mortgage are based on policies and procedures approved by the board of directors and on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. Given its mission, Habitat tries to work with homeowners, and foreclosures are kept to a minimum. Receivables are written off at the conclusion of any foreclosure proceedings. The balance in the allowance for doubtful accounts for mortgages receivable as of June 30, 2022 and 2021 is approximately \$201,000 and \$188,000, respectively.

Contributions and Grants - Unconditional contributions and grants are recognized as revenue in the period in which the commitment or payment is first received. Conditional grants are recorded as refundable advances until all conditions are met. At June 30, 2022 Habitat has approximately \$927,000 of conditional contributions and grants outstanding. Proceeds of approximately \$645,000 are recorded as refundable advances and the remaining approximately \$282,000 relates to agreements in place at June 30, 2022, which will be recognized as revenue when all conditions are met. These conditions require Habitat to complete construction of homes or home repairs and have partner families contracted for purchase. All contributions and grants are considered available for general operations unless specifically restricted by the donor.

HABITAT FOR HUMANITY - MIDOHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions are made for estimated uncollectible contributions and grants receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of current status of receivables and judgment. Decisions to charge off receivables are based on policies and procedures approved by the board of directors and management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. There was no allowance for doubtful accounts as of June 30, 2022 and 2021 deemed necessary for contributions or grants receivable.

Inventory - Inventory consists primarily of furniture and household goods contributed to Habitat. Inventory is stated at estimated fair value at the date of donation. Inventory purchased by Habitat is valued at the lower of cost or net realizable value. Habitat began recognizing contributed inventory during the year ended June 30, 2022 pursuant to Habitat International's guidance for consistency between affiliates. As of June 30, 2022, the value of purchased items approximated 10% of total inventory.

Construction-in-Progress - Construction-in-progress is presented net of an allowance representing the estimated loss on the ultimate sale of the underlying houses. The estimated loss is determined by comparing the actual or anticipated sales prices of the various houses included in construction-in-progress to their estimated total cost at completion. The amount in the allowance for losses on construction-in-progress as of June 30, 2022 and 2021 is approximately \$351,000 and \$25,000, respectively.

Property and Equipment - Property and equipment are recorded at cost if purchased, or fair value if received as a donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (ranging from three to 30 years). Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in income. Property and equipment are reviewed for impairment whenever changes in circumstances or events might indicate that the carrying amounts are not recoverable. No impairment was recognized for the years ended June 30, 2022 and 2021.

Revenue Recognition - Habitat's significant revenue streams consist of the following:

Sale of Homes - Habitat builds and sells houses to low-income individuals. Such revenues are recognized at the date of closing for the house as this is the point in time Habitat has determined to satisfy their performance obligation.

ReStore - Habitat sells various donated and purchased goods to individuals through its ReStore locations. Such revenues are recognized at the date of sale as this is the point in time Habitat has determined to satisfy its performance obligation.

In-Kind Contributions - In-kind contributions are accounted for as follows:

Donated Services - Donated services are recognized as contributions at their estimated fair value only if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by Habitat. Donated services of approximately \$106,000 and \$108,000 were recorded for the years ended June 30, 2022 and 2021, respectively.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods - Donated goods, including inventory, are recognized as contributions at their estimated fair values at the time of donation. Donated goods of approximately \$3,280,000 and \$156,000 were recorded for the years ended June 30, 2022 and 2021, respectively.

Income Taxes - Habitat is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Habitat has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. There were no interest or penalties recognized in the statements of activities for the periods ended June 30, 2022 and 2021 related to uncertain tax positions. Habitat is no longer subject to U.S. federal or state tax examinations for years prior to 2018.

Recent Accounting Pronouncements - In September 2020, the Financial Accounting Standards Board (FASB) issued Topic 958 (Presentation and Disclosure by Not-for-Profit-Entities for Contributed Nonfinancial Assets), which applies to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (e.g., gifts, donations, grants, gifts-in-kind, donated services, etc.). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets. Habitat adopted this topic in 2022 and the appropriate disclosures were made. The adoption did not have an effect on the presentation of the financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize a lease liability and right-of-use asset at the commencement date for all leases, with the exception of short-term leases. This guidance will be effective for Habitat with fiscal year beginning July 1, 2022. Habitat is currently evaluating the impact of adopting this new accounting guidance in its financial statements.

In August 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The pronouncement seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance will be effective for Habitat with fiscal year beginning July 1, 2023. Habitat is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 3 - LIQUIDITY

The following reflects Habitat's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalent	\$ 10,343,310	\$ 3,163,862
Receivables current, net	<u>1,653,943</u>	<u>1,689,085</u>
Total Financial Assets	11,997,253	4,852,947
Less: Those unavailable for general expenditures with donor restriction	(84,396)	(179,177)
Less: Those board-designated for mortgage buy back (25% of sold mortgages)	<u>(1,467,876)</u>	<u>(449,140)</u>
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	\$ <u>10,444,981</u>	\$ <u>4,224,630</u>

In addition to these available assets, a significant portion of Habitat's annual expenditures will be funded with operating revenues from the affiliate's three ReStores as well as the grant funding pledged for the following year build cycle.

Habitat has a variable line of credit with a bank with a maximum borrowing amount of \$1,540,000. The purpose for the line of credit is to give Habitat access to liquidity to support operations when there are fluctuations in working capital. There was no outstanding balance on the line of credit at June 30, 2022 or 2021.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of commitments made by various individuals and organizations under pledge agreements. Certain contributions have been made as part of the Habitat Housing Initiative (HHI) Capital Campaign or the Licking County Habitat Initiative, a five-year plan to transform lives and communities through homebuilding, rehabs and repairs. Contributions receivable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 337,645	\$ 257,632
Less: Discount to present value	<u>(759)</u>	<u>(2,790)</u>
Contributions Receivable, Net	\$ <u>336,886</u>	\$ <u>254,842</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 4 - CONTRIBUTIONS RECEIVABLE (Continued)

At June 30, 2022 and 2021, the present value of contributions receivable has been determined using a discount rate of 3.00%.

NOTE 5 - MORTGAGES RECEIVABLE

Mortgages receivable, net at June 30, consisted of the following:

	<u>2022</u>	<u>2021</u>
Face value	\$ 13,206,738	\$ 14,010,330
Other mortgage-related receivables	162,057	136,449
Less: Unamortized discount based on imputed interest at rates ranging from 3.19% to 8.75%	(3,866,404)	(4,108,888)
Less: Allowance for uncollectible mortgages	(201,447)	(188,303)
Mortgages receivable, net	<u>9,300,944</u>	<u>9,849,588</u>
Less: Current portion	<u>(1,178,007)</u>	<u>(1,180,287)</u>
Mortgages Receivable Long Term, Net	<u>\$ 8,122,937</u>	<u>\$ 8,669,301</u>

The following is a reconciliation of the face value of mortgages receivable and other mortgage-related receivables as of June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 14,010,330	\$ 13,424,113
Plus:		
Mortgages issued	767,403	2,010,061
Change in other mortgages receivable	17,538	(4,279)
	<u>14,795,271</u>	<u>15,429,895</u>
Less:		
Foreclosures and deeds in lieu and loan modifications	(163,843)	(63,732)
Payments received during the year	(1,424,690)	(1,355,833)
Ending Balance	<u>\$ 13,206,738</u>	<u>\$ 14,010,330</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

Habitat considers the performance of the loan portfolio when determining the allowance for uncollectible mortgages. It is reasonably possible that management's estimate of uncollectible mortgages will change. The following table presents activity in the allowance for uncollectible mortgages for the years ended June 30:

	2022	2021
Beginning balance	\$ 188,303	\$ 188,303
Additions for loans not previously allowed	-	-
Write-offs of the allowance due to foreclosures	-	-
Recoveries	-	-
Change in the estimate of the allowance	13,144	-
Ending balance	\$ 201,447	\$ 188,303

As a result of serving exclusively low-income families and making extraordinary efforts to help them maintain homeownership, Habitat's loan portfolio's delinquency rate can generally be expected to be higher than that of a conventional lender. The following table summarizes the delinquency status of mortgages receivable as of June 30, 2022:

1 Month Past Due	2 - 6 Months Past Due	7 - 12 Months Past Due	13 - 24 Months Past Due	Greater than 24 Months Past Due	Loans Not Past Due	Total
\$ 1,234,535	\$ 915,631	\$ 143,707	\$ 76,226	\$ 95,640	\$ 10,740,999	\$ 13,206,738

Habitat works with homeowners and, generally, if a delinquent homeowner shows promise and makes six straight months of full payments, Habitat will work with the homeowner on a payment plan so the mortgage will be current within a 12-month period. During the year ended June 30, 2022, Habitat engaged in one modification for approximately \$2,000.

The following is a schedule of anticipated reductions of mortgages and other mortgage-related receivables as of June 30, 2022:

Year Ending June 30	Payments from Homeowners	Amortization of Discount	Net Reduction
2023	\$ 1,041,744	\$ 304,981	\$ 736,763
2024	1,019,474	298,461	721,013
2025	985,652	288,559	697,093
2026	959,085	280,782	678,303
2027	926,301	271,184	655,117
Thereafter	8,274,482	2,422,437	5,852,045
	\$ 13,206,738	\$ 3,866,404	\$ 9,340,334

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

Mortgages receivable are secured by a first mortgage on the related property. Mortgages receivable, net, included in current assets on the statements of financial position include approximately \$87,000 and \$73,000 due for escrow and other mortgage-related receivables from homeowners as of June 30, 2022 and 2021, respectively.

NOTE 6 - GRANTS RECEIVABLE

Grants receivable consist primarily of commitments made by various organizations, including Habitat International, Community Housing Development Organizations under development agreements, and governmental agencies. These entities have committed to providing a certain amount of funding with the stipulation that specific homes are constructed and sold. Due to stipulations outlined in the grants, revenue and receivables are recorded as certain barriers are met. Grants receivable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
City of Columbus - Department of Development	\$ 89,829	\$ 135,114
HFHI-Ohio	27,000	8,000
United Way Central Ohio	10,000	-
City of Columbus - ADDI	7,500	5,000
HFHI- Veteran Repair	4,721	20,000
HFHI - Capacity Building	-	4,798
Healthy Neighborhood Healthy Families	-	73,961
United Way of Licking County	-	4,378
	<u>\$ 139,050</u>	<u>\$ 251,251</u>

NOTE 7 - CONSTRUCTION-IN-PROGRESS

Construction in progress at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Construction-in-progress, cost	\$ 2,182,325	\$ 1,210,818
Allowance for estimated loss on sale	<u>(351,721)</u>	<u>(25,228)</u>
Construction-In-Progress, Net	<u>\$ 1,830,604</u>	<u>\$ 1,185,590</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 7 - CONSTRUCTION IN PROGRESS (Continued)

House construction activity for the years ended June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Houses in progress at beginning of year	\$ 8	\$ 10
Houses started during the year	18	13
Houses completed during the year	<u>(11)</u>	<u>(15)</u>
Houses In Progress At End Of Year	<u>\$ 15</u>	<u>\$ 8</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment, net at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Building	\$ 3,200,411	\$ 3,200,411
Transportation	474,584	425,499
Office and warehouse equipment	217,265	280,788
Building improvements	864,209	883,954
Furniture and fixtures	<u>223,910</u>	<u>260,338</u>
	4,980,379	5,050,990
Less: Accumulated depreciation	<u>(1,585,986)</u>	<u>(1,394,810)</u>
	3,394,393	3,656,180
Land	<u>1,076,074</u>	<u>1,076,074</u>
Property And Equipment, Net	<u>\$ 4,470,467</u>	<u>\$ 4,732,254</u>

NOTE 9 - OTHER ASSETS

Other assets, net at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Rental homes, net	\$ 48,853	\$ 51,607
Residential housing lots	300	300
Land held for future development	-	12,248
Foreclosed properties	<u>-</u>	<u>80,596</u>
Other Assets, Total	<u>\$ 49,153</u>	<u>\$ 144,751</u>

HABITAT FOR HUMANITY - MIDOHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 10 - LINES OF CREDIT

Habitat maintains a revolving line-of-credit agreement with a bank with maximum borrowings of \$1,540,000. The line is collateralized with the land and building at the ReStore location at 3140 Westerville Road. The line has an interest rate of Prime - 0.5% on any outstanding balance. There was no outstanding balance on the line at June 30, 2022 and 2021. The line expires in March 2023.

NOTE 11 - NOTES PAYABLE

The following summarizes Habitat's notes payable at June 30:

	<u>2022</u>	<u>2021</u>
Funding agreements with Habitat International identified as SHOP notes. (See table on Page 22)	\$ 70,780	\$ 96,362
Note payable to GM Financials. In December 2018, Habitat received financing for a vehicle in the amount of \$29,153. The note is secured by the vehicle. The note provides for interest at a rate of 6.24%. The note is payable in 60 monthly installments of \$568 and is scheduled to mature in December 2023.	9,547	15,566
Note payable to Ally Bank. In October 2018, Habitat received financing for a vehicle in the amount of \$17,250. The note was secured by the vehicle. The note provided for interest at a rate of 5.69%. The note was payable in 36 monthly installments of \$524 and matured in October 2021.	-	2,040
Note payable to United Midwest Savings Bank (the Bank). This note is secured by 19 one-to-four bedroom family home mortgages receivable as agreed to with the Bank. The carrying value of the assets held as collateral is \$649,184 at June 30, 2022, which is included in the mortgages receivable on the statement of financial position. The note provides for interest at the prime rate minus 1.50% (4.75% as of June 30, 2022). The note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in May 2027.	518,157	694,497
Notes payable to United Midwest Savings Bank. This note is non-interest-bearing and is secured by a second position as the same above-listed mortgages. The note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in May 2029.	<u>268,917</u>	<u>297,535</u>
Subtotal Carried Forward	867,401	1,106,000

HABITAT FOR HUMANITY - MIDOHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 - NOTES PAYABLE (Continued)

	2022	2021
Subtotal Brought Forward	\$ 867,401	\$ 1,106,000
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of \$48,660. The note is secured by the vehicle. The note provides for interest at the rate of 0.00%. The note is payable in monthly installments of \$811 over 60 months and is scheduled to mature in June 2024.	21,897	31,629
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of \$27,213. The note is non-interest bearing and is secured by the vehicle. The note is payable in monthly installments of \$454 over 60 months and is scheduled to mature in March 2025.	14,967	20,410
Notes payable to United Midwest Savings Bank. Habitat received financing for store equipment in the amount of \$26,672. The note is non-interest bearing and is payable in monthly installments of \$741 over 36 months and is scheduled to mature in April 2023.	7,409	16,300
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase various vehicles up to \$300,000. The note is non-interest bearing. The note is payable in monthly installments of \$5,000 beginning July 1, 2023 over 60 months and is scheduled to mature in June 2028.	57,085	-
Mortgage note payable to Huntington Bank. The note bears interest at a rate of 3.63% and is payable in monthly installments of \$3,009. The note is secured by the building and land at 6665 Busch Boulevard and potential rents. The note is scheduled to mature in September 2035.	379,914	401,602
Mortgage note payable to Huntington Bank. This note is secured by the building and land at 2555 Bethel Road (a ReStore location), capital improvements and potential rents. Interest on the note is a floating rate at LIBOR (3.32% at June 30, 2022) plus 210 basis points.	1,917,313	1,985,246
Note payable to Northern Trust. This note is non-interest bearing and secured by ten mortgages receivable as agreed upon with the bank. The carrying value of the assets held as collateral is \$635,347 as of June 30, 2022. This note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in November 2041.	697,293	756,214
Subtotal To Be Carried Forward	3,963,279	4,317,401

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 - NOTES PAYABLE (Continued)

	2022	2021
Subtotal Brought Forward	\$ 3,963,279	\$ 4,317,401
Less: Imputed interest - SHOP notes	(1,877)	(2,920)
Future principal payments	3,961,402	4,314,481
Less: Current portion	(302,217)	(310,748)
Notes Payable, Total	\$ 3,659,185	\$ 4,003,733

Habitat has various funding agreements with Habitat International identified as SHOP notes. Of the funding, 75% is in the form of a grant to Habitat and the other 25% is in the form of a note payable to Habitat International. The promissory note portion is non-interest-bearing and provides for interest at a rate of 10% per annum upon default by Habitat of any of the terms of the note. The notes are payable in monthly installments ranging from \$74 to \$859 and are scheduled to mature at various times between July 2022 and June 2026. The average total monthly payment approximated \$3,000 during the year ended June 30, 2022.

SHOP notes at June 30, 2022 are made up of the following:

SHOP Year	Award	June 30, 2021 Outstanding	Draws	Repayments	June 30, 2022 Outstanding
2012	\$ 35,250	\$ 1,844	-	\$ (1,844)	-
2013	17,812	2,791	-	(2,791)	-
2014	25,000	5,797	-	(5,797)	-
2015	45,774	37,376	-	(8,364)	\$ 29,012
2016	31,862	29,054	-	(6,786)	22,268
2017	19,500	19,500	-	-	19,500
Total	\$ 175,198	\$ 96,362	-	\$ (25,582)	\$ 70,780

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 - NOTES PAYABLE (Continued)

Aggregate minimum annual principal payments required on notes payable are as follows:

Year Ended June 30	Amount
2023	\$ 302,217
2024	293,643
2025	281,191
2026	272,368
2027	452,912
Thereafter	<u>2,360,948</u>
	\$ <u>3,963,279</u>

Interest expense on notes payable approximated \$123,000 and \$131,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE 12 - PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, Habitat entered into a term note with a principal amount of \$689,106 pursuant to the Paycheck Protection Program (PPP Term Note) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP Term Note was evidenced by a promissory note, which bore interest at a fixed annual rate of 1.00%, with the first six months of interest deferred. The PPP Term Note was unsecured and guaranteed by the Small Business Administration (SBA). In 2021, Habitat applied for and received full forgiveness of the PPP Term Note. Habitat recorded the PPP Term Note in accordance with ASC 470, Debt. The debt was recognized as revenue upon forgiveness in other income on the statement of activities and change in net assets for the year ended June 30, 2021.

In February 2021, Habitat entered into a term note with a principal amount of \$614,496 pursuant to the Second Draw Paycheck Protection Program (Second PPP loan) under the Consolidated Appropriations Act. The Second PPP loan was evidenced by a promissory note, which bore interest at a fixed annual rate of 1.00%. The Second PPP loan is unsecured and guaranteed by the SBA. In 2022, Habitat applied for and received full forgiveness of the Second PPP loan. Habitat recorded the Second PPP loan in accordance with ASC 740, Debt. The debt was recognized as revenue upon forgiveness in other income in the statement of activities and change in net assets for the year ended June 30, 2022.

NOTE 13 - FACILITY LEASE

Habitat leased a facility for a ReStore location under an operating lease agreement that expired in June 2022. The lease was not renewed. Rent expense approximated \$114,000 for the year ended June 30, 2022.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
HHI capital campaign	\$ 49,950	\$ 139,750
Emergency Response Fund	30,673	33,958
Miscellaneous Restriction	<u>3,773</u>	<u>5,469</u>
Total	\$ <u>84,396</u>	\$ <u>179,177</u>

A summary of assets held pertaining to net assets with donor restrictions as of June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Contributions/grants receivable	\$ 49,950	\$ 139,750
Cash	<u>34,446</u>	<u>39,427</u>
Total	\$ <u>84,396</u>	\$ <u>179,177</u>

Net assets released from restrictions primarily by the completion of home construction and identifiable HHI capital campaign activities during the years ended June 30, 2022 and 2021 amounted to approximately \$159,000 and \$285,000 respectively.

NOTE 15 - TRANSACTIONS WITH AFFILIATES

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International in an annual tithing. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2022 and 2021, Habitat contributed approximately \$50,000 to Habitat International.

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International for the SOSI fee (U.S. Stewardship and Organizational Sustainability Fee). For the years ended June 30, 2022 and 2021, Habitat contributed \$25,000 to Habitat International for this fee.

Habitat International facilitates a staffing program referred to as AmeriCorps VISTA. VISTA-related staffing expense approximated \$76,000 and \$171,000 for the years ended June 30, 2022 and 2021, respectively. In connection with the AmeriCorps VISTA program, Habitat paid 41% of the compensation and Habitat International contributed 59%, or approximately \$45,000 and \$101,000 for the years ended June 30, 2022 and 2021, respectively, which was recorded as in-kind contribution revenue and salary expense.

Habitat International also provides grants and loans as described in Note 11.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 16 - RETIREMENT PLAN

Habitat has a defined contribution retirement plan. To participate in the plan, individuals must be employed full-time for six months. Habitat matches employee contributions at the rate of 50% for each dollar contributed up to 6% of the employee's eligible compensation. During the fiscal year ending 2021 Habitat paused the matching of employee contributions. They were reinstated during the year ended June 30, 2022. Habitat recognized expense for employer contributions of approximately \$23,000 and \$2,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE 17 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and change in net assets. Specific expenses that are readily identifiable to a particular program or supporting service are charged directly to that function. Certain categories of expenses are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include utilities, other building and equipment expenses and supplies. Expenses incurred at 6665 Busch Boulevard are allocated based on full-time equivalents that work in the building. Expenses incurred at 3140 Westerville Road are allocated based on square footage utilized between ReStore and Construction.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Habitat is involved in various claims and legal proceedings arising from the ordinary course of business. While the ultimate liability, if any, incurred as a result of these proceedings is presently indeterminable, in the opinion of management these matters should not have a material adverse effect on the Habitat's financial position and no amounts have been recorded in the financial statements.

Habitat has entered into agreements for financing transactions that involve the sale of mortgages to financial institutions. In the event that a mortgage that was sold becomes nonperforming (those past due more than 90 days), Habitat has agreed to substitute a performing mortgage or may repurchase the nonperforming mortgage. As of June 30, 2022 and 2021, 58 and 46 mortgages, respectively, have been sold or securitized. These mortgages are collateralized by the properties securing the mortgages. The outstanding principal balance of the sold mortgages is \$4,196,938 and \$3,660,145 at June 30, 2022 and 2021, respectively. The board has designated \$1,467,876 and \$449,140 at June 30, 2022 and 2021, respectively, to be used to buy back nonperforming loans should the need arise.

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2022, which is the date that the financial statements were available to be issued. Subsequent events are defined as events or transactions that occur after the statement of financial position date but before the financial statements are issued or available to be issued.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 19 - SUBSEQUENT EVENTS (Continued)

In July 2022, Habitat created a separate entity, N 21st Street, LLC, and is the sole member of the LLC. The purpose of the entity is to hold and manage a commercial shopping center. On July 28, 2022, N 21st Street LLC purchased a commercial shopping center in Newark, consisting of four commercial spaces and an out-parcel. The property was purchased for \$3,000,000 and was partially financed by a loan from Park National Bank for \$2,400,000. The loan is payable in monthly installments of approximately \$19,000 over 15 years. Three of the units are occupied and are currently under lease, with combined monthly rent of approximately \$26,000. Habitat expects to open a ReStore location in the vacant unit in January 2023. Monthly rent payments of approximately \$12,000 will be paid to N 21st Street, LLC.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Habitat for Humanity - MidOhio
Columbus, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity - MidOhio (Habitat), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies might exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 31, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Habitat for Humanity - MidOhio
Columbus, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Habitat for Humanity - MidOhio's (Habitat) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Habitat's major federal programs for the year ended June 30, 2022. Habitat's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Habitat complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Habitat and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Habitat's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Habitat's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Habitat's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Habitat's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Habitat's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Habitat's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance might exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 31, 2022

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/SUB-GRANTOR/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>GRANTOR'S ID NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass through City of Columbus:			
Home Investment Partnership Program	14.239	31-6400223	\$ 730,000
Pass through Habitat for Humanity International:			
Capacity Building Grant	14.252	91-1914868	2,369
Pass through Habitat for Humanity International:			
Veterans Housing Rehabilitation and Modification Program	14.278	FR6300N-39	<u>15,279</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			747,648
<u>U.S. Department of Treasury</u>			
Pass through City of Columbus:			
Coronavirus Relief Fund	21.019	31-6400223	<u>24,903</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 772,551</u>

See notes to the schedule of expenditures of federal awards.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of Habitat for Humanity - MidOhio (Habitat) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Since the schedule presents only a selected portion of the operations of Habitat, it is not intended to and does not present the financial position, change in net assets or cash flows of Habitat.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICY

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

Habitat has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

There were no amounts passed through to subrecipients for the year ended June 30, 2022.

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:
Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements notes

_____ yes X no

Federal Awards:

Internal control over major programs:
Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditor's report on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

Federal Assistance Listing Number
14.239

Name of Federal Program or Cluster
Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

The independent auditor's report on compliance should be read with this schedule.

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements and abuse related to the financial statements for which *Government Auditing Standards* require reporting.

There were no findings noted in the current year that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and material abuse).

There were no findings noted in the current year that are required to be reported in accordance with 2 CFR 200.516(a).

[This Page Intentionally Left Blank]